

ASSEMBLY BILL

No. 2549

Introduced by Assembly Member Ridley-Thomas

February 21, 2014

An act to add Section 53083.2 to the Government Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 2549, as introduced, Ridley-Thomas. Redevelopment: City of Milpitas.

Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined, perform obligations required pursuant to any enforceable obligation, dispose of all the assets of the former redevelopment agency, and remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller.

This bill would authorize the City of Milpitas to organize an independent local agency to investigate and study the consequences of the dissolution of redevelopment on employment, revenues, and economic activity in order to identify and recommend ways to raise revenues for specified purposes.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of Milpitas.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The dissolution of redevelopment by the state has been
4 devastating in the City of Milpitas (city) and to its citizens.

5 (b) As a result of the dissolution of redevelopment, the city has
6 lost \$39 million in annual local tax revenues.

7 (c) The dissolution of redevelopment has degraded public safety
8 in the city as the city has cut employment. Since the 2011–12 fiscal
9 year, the city has laid off 110 employees, including 12 firefighters,
10 and has been unable to fill 147 other positions that would otherwise
11 had been filled, including 13 police officer positions.

12 (d) The dissolution of redevelopment has stopped investment
13 in previously approved critical infrastructure in the city. \$220 two
14 hundred twenty million dollars worth of road, water, and sewer
15 improvements located within the redevelopment project area, which
16 had been approved in the capital improvement plan of the city,
17 cannot be constructed. Other projects, including infrastructure
18 projects have been delayed due to significant funding shortfalls in
19 the city's general fund to maintain streets. With the elimination of
20 redevelopment, the city's annual shortfall to maintain its
21 Metropolitan Transit Commission-mandated Pavement Condition
22 Index goal of 70 is \$4 million per year.

23 (e) The dissolution of redevelopment has stopped previously
24 approved development projects in the city, including a 120-room
25 hotel and a low- and moderate-income senior housing project.
26 With respect to the latter project, the project developer had agreed
27 to employ 100 full-time medical and caregiver positions. Both
28 projects had completed permits and land use reviews, including
29 reviews under the California Environmental Quality Act.

30 (f) The dissolution of redevelopment has spurred litigation
31 between the city, which was the second largest redevelopment
32 agency within the County of Santa Clara, as the state and county
33 have sued the city for \$55 million.

34 (g) The city desires to settle its litigation with the state and the
35 county, find new revenue sources to replace the funds, restore
36 losses of firefighters and police officers, maintain and upgrade
37 critical infrastructure, and generate employment and economic
38 activity through previously approved private investment.

1 SEC. 2. Section 53083.2 is added to the Government Code, to
2 read:

3 53083.2. The City of Milpitas may organize an independent
4 local agency to investigate and study the consequences of the
5 dissolution of redevelopment on employment, revenues, and
6 economic activity in order to identify and recommend ways to
7 raise revenues to increase city staff to adequate levels, to invest in
8 infrastructure and development projects, and to settle claims against
9 the city by the state and the County of Santa Clara.

10 SEC. 3. The Legislature finds and declares that a special law
11 is necessary and that a general law cannot be made applicable
12 within the meaning of Section 16 of Article IV of the California
13 Constitution because of the unique circumstances in the City of
14 Milpitas, where parcels on the west side of Interstate 880 and to
15 the east of Coyote Creek in the McCarthy Ranch area of Milpitas
16 near the Newby Island landfill, the San Francisco Bay area, and
17 the regional water pollution control plant face particular challenges
18 to economic development as a result of their restrictive location.